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World Production and Trade

see FAS report

United States
Department of
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Foreign
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Service

Washington, D.C. 20250

Weekly
Roundup
April 4, 1984

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The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

GRAIN AND FEED

The EUROPEAN COMMUNITY (EC) has decided to denature an additional 250,000 tons of bread wheat from intervention stocks for export as feed wheat. This brings the total to be denatured for export to 1 million tons, and will likely raise overall EC wheat exports this season. The EC decision to force more wheat onto world markets could displace potential U.S. feed grain sales.

TURKEY's 1984/85 wheat and barley crops are forecast at 18.4 million tons, down 2 percent from last year, according to the U.S. agricultural attache in Ankara. Wheat production is estimated at 13.1 million tons, down marginally from the 1983/84 crop of 13.3 million. The barley crop is estimated at 5.3 million tons, down slightly from the drought-affected 1983/84 crop of 5.4 million. Dry weather in some of the producing areas during fall and winter have depressed wheat and barley yield prospects.

KOREA has emerged as a significant market for Australian wheat this season. Korea recently tendered for an additional 150,000 tons of Australian feed wheat, bringing total Korean feed wheat purchases to about 350,000-400,000 tons, primarily from Australia. U.S. corn exports to Korea, on the other hand, are expected to fall considerably below last season's 3.9 million ton level.

BANGLADESH has finalized an agreement with Australia for the purchase of an additional 200,000 tons of "general purpose" wheat, reportedly with three-year credit. This brings total Australian commercial wheat shipments and sales to Bangladesh to just over 400,000 tons. Bangladesh was expected to buy about 500,000 tons of wheat commercially in July-June 1983/84; the only U.S. commercial sales to Bangladesh for this period total about 140,000 tons purchased against the fiscal 1983 credit allocations, and no additional sales are expected.

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OILSEEDS AND PRODUCTS

In an indication that BRAZIL is further easing its restrictions on soybean and soybean product exports, the Banco do Brasil's Foreign Trade Department (CACEX) increased the volume exporters can ship compared with their performance in the same period last year from 40 percent to 60 percent. The shipping period for soybeans and soybean meal runs until the end of June, and until the end of July for soybean oil. CACEX has not yet calculated the volumes involved. The decision to increase the export volumes followed the recent strengthening of international prices, although the Brazilian action has had a bearish effect on futures prices for soybeans and products. A further easing of export restrictions is likely in the coming weeks as Brazil's new crop works its way into local marketing channels. This will mean tougher competition for U.S. soybean oil exports.

DAIRY, LIVESTOCK AND POULTRY

In the UNITED KINGDOM, pork production is expected to drop more than 10 percent during 1984, according to the U.S. agricultural counselor in London. The decrease is the result of a sharp drop in pig inventories caused largely by a pseudorabies eradication program in 1983. In addition, the increased cost of domestic feed grains and limited access to low-cost grain substitutes have reduced the profitability of pork production. Only a slight rebuilding of hog inventories is expected in 1984.

Broiler production in HONG KONG during 1983 dropped 33 percent to 22,000 tons. Consumer reaction to the detection of carcinogenic growth hormone residues in the meat of locally produced chicken resulted in dramatic reductions in demand and price. Farmers were forced to cut losses by slaughtering thousands of young chickens. At one point during the summer, poultry numbers were only one-half of year-earlier levels.

During the last quarter of 1983, consumer confidence gradually returned and some recovery in production was realized. Full recovery, however, is being limited by sharply higher production costs associated with not using the hormone in the production of the native chicken. Consumer acceptance of meat from hybrid broilers has been poor.

COTTON AND FIBERS

Officials in EGYPT indicate current marketing year cotton export supplies are limited to about 175,000 tons (805,000 bales), of which all but 20,000 tons (90,000 bales) have been sold. The remainder is to be exchanged for other products under trade clearing agreements with socialist countries. Egypt is the third largest cotton exporter this year. The export estimate is 50,000 bales below the current estimate. It is a further indication of the limited supplies for export in foreign countries and the reason for the strong interest in U.S. cotton.

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TOBACCO

THAILAND's 1984 tobacco crop is forecast at 93,000 tons, unchanged from last year's record harvest. Yields, which are expected to be improved from last year, completely offset an estimated 5-percent drop in tobacco area. The 1984 flue-cured crop is expected to total 53,000 tons, up 5 percent, which would be the largest crop since 1980. Burley output, however, is forecast at 20,500 tons, down 5 percent from last year's record 21,500-ton crop. This expected downturn in Thai burley production comes after several years of sharp increases; burley production in 1983 was almost 150 percent above 1981 output. The unfavorable production prospect for burley tobacco is attributed to a decline in grower prices that has reduced area by 7 percent.

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WASHINGTON, D.C. 20250

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Selected International Prices

Item	: April 3, 1984	: Change from	: A year
	:	: previous week	: ago
ROTTERDAM PRICES 1/	\$ per MT	\$ per bu.	\$ per MT
Wheat:			
Canadian No. 1 CWRS-13.5%12/	199.00	5.42	-7.50
U.S. No. 2 DNS/NS: 14%.12/	185.00	5.03	+2.00
U.S. No. 2 S.R.W.....	172.00	4.68	+2.00
U.S. No. 3 H.A.D.12/.....	193.00	5.25	-0-
Canadian No. 1 A: Durum.12/	207.00	5.63	+5.50
Feed grains:			
U.S. No. 3 Yellow Corn....	166.00	4.22	-0-
Soybeans and meal:			
U.S. No. 2 Yellow.....	318.50	8.67	-4.00
Brazil 47/48% SoyaPellets 4/	233.00	--	-1.50
U.S. 44% Soybean Meal.....	228.00	--	-2.50
U.S. FARM PRICES 5/			
Wheat.....	132.26	3.60	+2.57
Barley.....	99.67	2.17	-5.05
Corn.....	131.89	3.35	-3.94
Sorghum.....	110.67	5.02 4/	-3.75
Broilers 7/.....	1293.66	--	-45.41
EC IMPORT LEVIES			
Wheat 8/.....	75.40	2.05	+2.25
Barley.....	74.75	1.63	+4.00
Corn.....	53.45	1.36	+3.75
Sorghum.....	79.10	2.01	+3.10
Broilers 7/ 9/ 11/.....	175.00	--	+2.00
EC INTERVENTION PRICES 10/			
Common wheat(feed quality)	185.70	5.05	+2.95
Bread wheat (min. quality)10/	202.20	5.50	+3.20
Barley and all			
other feed grains.....	185.70	--	+2.95
Broilers 7/ 9/.....	1243.00	--	+17.00
EC EXPORT RESTITUTIONS (subsidies)			
Wheat	36.25	.99	-.90
Barley.....	38.00	.83	+1.30
Broilers 7/ 9/ 11/.....	137.00	--	+1.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Optional delivery: Argentine. 3/ Based on selected major markets and adjusted to reflect farm prices more closely. 4/ Hundredweight (CWT). 5/ Twelve-city average, wholesale weighted average. 6/ Durum has a special levy. 7/ EC category--70 percent whole chicken. 8/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 14 Sept 83 from 22.50 ECU/100 bag set in Feb 1983. 9/ F.o.b. price for R.T.C. broilers at West German border. 10/ Reference price. 11/Reflects exchange rate change and not level set by EC. 12/ April-May shipment. N.Q.=Not quoted. N.A.=None authorized. Note: Basis April delivery.